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Attorneys for Defendant/Third-Party Plaintiff  
InterDent Service Corporation

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF IDAHO

POCATELLO DENTAL GROUP, P.C., an  
Idaho professional corporation,

Plaintiff,

v.

INTERDENT SERVICE CORPORATION, a  
Washington corporation,

Defendant.

INTERDENT SERVICE CORPORATION, a  
Washington corporation,

Third-Party Plaintiff,

v.

Case No. CV-03-450-E-LMB

INTERDENT SERVICE  
CORPORATION'S MOTION FOR  
LEAVE OF COURT TO FILE  
AMENDED COUNTERCLAIMS/  
THIRD-PARTY CLAIMS

INTERDENT SERVICE CORPORATION'S MOTION FOR LEAVE OF COURT TO FILE  
AMENDED COUNTERCLAIMS/ THIRD-PARTY CLAIMS - 1

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U.S. COURTS  
CLERK OF COURT  
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POCATELLO DENTAL GROUP, P.C., an  
Idaho professional corporation; DWIGHT G.  
ROMRIELL, individually; LARRY R.  
MISNER, JR., individually; GREGORY  
ROMRIELL, individually; ERROL  
ORMOND, individually; and ARNOLD  
GOODLIFFE, individually,

Third-Party Defendants.

Pursuant to Fed R. Civ. P. 15(a) and the Court's August 16, 2004 Order,  
defendant/third-party plaintiff InterDent Service Corporation ("ISC") moves the Court for  
permission to file an amended Answer to Plaintiff's Amended Complaint and Amended and  
Supplemental Counterclaims and Third-Party Complaint. Specifically, ISC moves to add three  
third-party claims and to amend three counterclaims/third-party claims.

This motion is supported by the attached Memorandum in Support of InterDent Service  
Corporation's Motion to File Amended Counterclaims/Third-Party Claims, by the proposed  
Answer to Plaintiff's Amended Complaint and Amended and Supplemental Counterclaims and  
Third-Party Complaint (attached hereto as Exhibit 1), and by the pleadings of the parties on file  
herein, in particular those in connection with ISC's Motion for Temporary Restraining Order  
against Larry Misner, which was granted in part by the Court on August 4, 2004.

DATED: August 20, 2004.

STOEL RIVES LLP



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DEFENDANT/THIRD-PARTY  
PLAINTIFF ISC'S ANSWER TO  
PLAINTIFF'S AMENDED COMPLAINT  
AND ISC'S AMENDED AND  
SUPPLEMENTAL COUNTERCLAIMS  
AND THIRD-PARTY COMPLAINT

DEFENDANT/THIRD-PARTY PLAINTIFF ISC'S ANSWER TO PLAINTIFF'S AMENDED  
COMPLAINT AND ISC'S AMENDED AND SUPPLEMENTAL COUNTERCLAIMS AND  
THIRD-PARTY COMPLAINT - 1

Idaho professional corporation; DWIGHT G. ROMRIELL, individually; LARRY R. MISNER, JR., individually; GREGORY ROMRIELL, individually; ERROL ORMOND, individually; and ARNOLD GOODLIFFE, individually,

Third-Party Defendants.

Defendant InterDent Service Corporation ("ISC"), through its counsel of record, Steel Rives LLP, answers plaintiff Pocatello Dental Group's ("Group") Amended Complaint as follows:

1. ISC admits the allegations in paragraph 1.
2. ISC admits that it is a Washington corporation registered as a foreign corporation in the state of Idaho, that ISC provides services to Group at the Pineridge Mall in Chubbuck, Idaho and that ISC is the successor to GMS Dental Group Management, Inc. ("GMS"), which subsequently changed its name to Gentle Dental Management, Inc. ("GDMF"), which was later merged with and into Gentle Dental Service Corporation ("GDSC"). GDSC then changed its name to InterDent Service Corporation ("ISC"), which succeeded to all of GMS's right, title and interest in and to all of GMS's assets. Whether ISC is an "independent contractor" is a legal conclusion to which no response is required. To the extent not expressly admitted herein, ISC denies the remaining allegations contained in paragraph 2.

3. ISC admits that GMS Dental Group Management, Inc. and Idaho Dental Group, P.A., entered into the Dental Group Management Agreement (the "Management Agreement") on October 11, 1996. ISC lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in paragraph 3 and on that basis denies each and every remaining allegation within said paragraph.

4. ISC admits the allegations in paragraph 4. ISC denies any allegation that the other shareholder dentists' employment agreements had seven year terms. Other than for Dwight Romriell, the term of the agreements are for ten years.

5. ISC admits the allegations in paragraph 5.

6. ISC denies that Group took the actions alleged in paragraph 6 in the best interests of patients. ISC admits that Group purported to enter into a document entitled Dentist's Employment Agreement (the "2003 Employment Agreement") with Dr. Dwight Romriell ("Romriell") on August 26, 2003 but denies that said document has any legal force or effect. ISC lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in paragraph 6 and on that basis denies each and every remaining allegation in said paragraph.

7. In answer to paragraph 7, ISC admits that after purportedly entering into the 2003 Employment Agreement with Romriell, Group provided a copy of the document to ISC. ISC admits that it informed Group that, pursuant to Article 5.2 of the Management Agreement, the individual shareholders did not have authority to enter into employment agreements unilaterally on behalf of Group. ISC admits there are five members of the Joint Operations Committee ("JOC"). Of those members ISC is informed and believes that Drs. Romriell and Ormond are licensed dentists in the state of Idaho.

8. ISC admits only that a facsimile from Romriell requesting that a JOC meeting be held was sent to the wrong address and, consequently, was not responded to by ISC. Paragraph 3.8 of the Management Agreement speaks for itself. ISC lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in paragraph 8 and on that basis denies each and every allegation in said paragraph.

9. ISC admits that it wrote to Group on September 8, 2003. The letter speaks for itself. To the extent not expressly admitted herein, the allegations in paragraph 9 are denied.

10. ISC admits that it received a letter on September 19, 2003 from James P. Price, which letter speaks for itself. ISC further admits that ISC did not respond to the letter because the matter was pending in U.S. Bankruptcy Court and ISC advised Group's shareholders' current counsel of this.

11. ISC admits that ISC advised five of its employees that their services would no longer be required as of October 11, 2003. ISC denies that these five employees were Romriell's staff. They are employed by ISC. ISC denies that TMJ is a recognized specialty for dentists, dental assistants and hygienists. ISC denies that Romriell needs five specially assigned staff personnel to "adequately and timely treat his [few] patients." ISC lacks sufficient knowledge or information to form a belief as to the truth of the remaining allegations contained in paragraph 11 and on that basis denies each and every allegation in said paragraph.

12. ISC denies that there was any danger of patient abandonment occurring in violation of any "professional, ethical and legal obligations." ISC states that as of October 2003, Romriell had had six months to notify patients and to make arrangements for their treatment. ISC lacks sufficient knowledge or information to form a belief as to the truth of the allegations contained in paragraph 12 and on that basis denies each and every allegation within said paragraph.

13. In answer to paragraph 13, ISC denies that it has refused to schedule pediatric patients with Group and denies that its responsibilities under the Management Agreement include making referrals. ISC denies that Drs. Misner and Bybee provided "necessary pediatric

dentistry" that could not be provided by other dentists in the Pocatello area. ISC denies any remaining allegations in paragraph 13.

14. As to paragraph 14, ISC admits that it has responsibility under the Management Agreement for scheduling patients. ISC denies that it is refusing to schedule Romriell, Misner and Bybee's patients for appointments before their leaving the practice and denies that it is canceling appointments already made. To the extent not expressly admitted herein, the allegations in paragraph 14 are denied.

15. ISC denies the allegations in paragraph 15.

#### **FIRST CAUSE OF ACTION**

##### **(Declaratory Judgment)**

16. With regard to paragraph 16, ISC reasserts the answers contained in the foregoing paragraphs as if set forth fully herein.

17. ISC admits that Group has an interest in the Management Agreement. ISC denies the remaining allegations contained in paragraph 17.

18. ISC denies the allegations contained in paragraph 18.

19. ISC denies the allegations contained in paragraph 19.

20. ISC denies the allegations contained in paragraph 20.

21. ISC denies the allegations contained in paragraph 21.

#### **SECOND CAUSE OF ACTION**

##### **(Breach of Contract)**

22. With regard to paragraph 22, ISC reasserts the answers contained in the foregoing paragraphs as if set forth fully herein.

23. ISC denies the allegations contained in paragraph 23.

24. ISC admits that it has obligations under the Management Agreement, which speaks for itself. ISC denies the remaining allegations contained in paragraph 24.

25. ISC denies the allegations contained in paragraph 25.

26. ISC denies the allegations contained in paragraph 26.

27. ISC denies the allegations contained in paragraph 27.

28. ISC denies the allegations contained in paragraph 28.

### **THIRD CAUSE OF ACTION**

#### **(Additional Breaches of Contract)**

29. With regard to paragraph 29, ISC reasserts the answers contained in the foregoing paragraphs (as well as paragraphs 30 and 31 below) as if set forth fully herein.

30. ISC admits the allegations contained in paragraph 30.

31. ISC admits the allegations contained in paragraph 31.

32. ISC denies the allegations contained in paragraph 32.

33. ISC denies the allegations contained in paragraph 33.

34. ISC denies the allegations contained in paragraph 34.

35. ISC denies the allegations contained in paragraph 35.

### **FOURTH CAUSE OF ACTION**

#### **(Breach of Fiduciary Duty)**

36. With regard to paragraph 36, ISC reasserts the answers contained in the foregoing paragraphs as if set forth fully herein.

37. The Management Agreement speaks for itself. To the extent not expressly admitted herein, the allegations in paragraph 37 are denied.

38. ISC denies the allegations contained in paragraph 38.



- 39. ISC denies the allegations contained in paragraph 39.
- 40. ISC denies the allegations contained in paragraph 40.
- 41. ISC denies the allegations contained in paragraph 41.

#### **FIFTH CAUSE OF ACTION**

##### **(Breach of Covenant of Good Faith and Fair Dealing)**

42. With regard to paragraph 42, ISC reasserts the answers contained in the foregoing paragraphs as if set forth fully herein.

43. The Management Agreement speaks for itself. To the extent not expressly admitted herein, the allegations in paragraph 43 are denied.

44. ISC denies the allegations contained in paragraph 44.

45. The Management Agreement speaks for itself. ISC admits there is an implied covenant of good faith and fair dealing that binds both it and Group.

46. ISC denies the allegations contained in paragraph 46.

47. ISC denies the allegations contained in paragraph 47.

48. ISC denies the allegations contained in paragraph 48.

#### **SIXTH CAUSE OF ACTION**

##### **(Indemnity)**

49. With regard to paragraph 49, ISC reasserts the answers contained in the foregoing paragraphs as if set forth fully herein.

50. ISC denies the allegations of paragraph 50.

51. ISC denies the allegations contained in paragraph 51.

52. The Management Agreement speaks for itself. To the extent not expressly admitted, ISC denies the remaining allegations of paragraph 52.

53. ISC denies the allegations contained in paragraph 53.

54. ISC denies the allegations contained in paragraph 54.

#### **REQUEST FOR ATTORNEYS' FEES AND COSTS**

55. With regard to paragraph 55, ISC reasserts the answers contained in the foregoing paragraphs as if set forth fully herein.

56. ISC admits certain Group shareholders have retained the services of Cooper & Larsen, Chartered, to prosecute this action on their behalf to try to escape their Non-Compete Agreements and destroy the practice. ISC denies the allegation that Group is entitled to recover attorneys' fees.

57. ISC admits plaintiff has quoted an excerpt from the Management Agreement. However, section 2.6(b) reads in its entirety:

(b) Liabilities. *Manager shall be responsible for paying all claims and obligations associated with the operation of Group pursuant to this Agreement; provided, Manager shall be deemed to discharge fully its responsibility to Group for the liabilities described in this subparagraph by its timely payment on Group's behalf of, or delivery to Group of an amount sufficient to discharge, all of Group's obligations and liabilities now existing or arising in the future, including those under Provider Subcontracts, Employment Agreements, Group's professional liability insurance and any other operational expense for which Group retains responsibility or that are delegated to Group, whether pursuant to this Agreement or any other agreement of the parties or action of the Joint Operations Committee ("Group Expenses"). Notwithstanding the foregoing, Manager does not assume any liabilities of Group which are unrelated to the Practice or any liabilities for income taxes.*

(Emphasis added.)

58. ISC admits the allegations contained in paragraph 58.

59. ISC denies the allegations contained in paragraph 59.

60. Except as expressly admitted herein, ISC denies each allegation of Group's Amended Complaint.

### **RESPONSE TO "DEMAND FOR JURY TRIAL"**

61. ISC expressly reserves the right to object to Group's demand for a jury trial because Group may not be entitled to a trial by jury on all claims or issues in this action.

### **AFFIRMATIVE DEFENSES**

Unless otherwise specified, ISC asserts the following affirmative defenses to the entire Amended Complaint and each and every action purportedly stated therein.

#### **FIRST AFFIRMATIVE DEFENSE**

The Amended Complaint fails to state causes of action upon which relief may be granted on any of Group's alleged claims for relief.

#### **SECOND AFFIRMATIVE DEFENSE**

Group lacks standing.

#### **THIRD AFFIRMATIVE DEFENSE**

Group's claims are barred by the applicable statute of limitations.

#### **FOURTH AFFIRMATIVE DEFENSE**

Group's claims are barred by the doctrine of unclean hands.

#### **FIFTH AFFIRMATIVE DEFENSE**

Group has failed to adequately mitigate its damages, if any.

#### **SIXTH AFFIRMATIVE DEFENSE**

Group has waived, or is estopped from asserting, all claims set forth in the Amended Complaint.

#### **SEVENTH AFFIRMATIVE DEFENSE**

Group has failed to satisfy certain contractual prerequisites.

#### **EIGHTH AFFIRMATIVE DEFENSE**

Group's claims are barred by its prior material breaches of the Management Agreement.

#### **NINTH AFFIRMATIVE DEFENSE**

Group breached the covenant of good faith and fair dealing and interfered with and frustrated ISC's ability to perform duties and obligations under the Management Agreement.

#### **TENTH AFFIRMATIVE DEFENSE**

Damages sustained by Group are the result of independent, intervening and/or superseding causes, including but not limited to acts and omissions of Group, third-party defendants or third parties.

#### **ELEVENTH AFFIRMATIVE DEFENSE**

Any breaches of the Management Agreement by ISC were not breaches of material terms of the Management Agreement.

#### **TWELFTH AFFIRMATIVE DEFENSE**

Group's claims are barred by the doctrine of *res judicata*, judicial estoppel, collateral estoppel and issue preclusion.

#### **THIRTEENTH AFFIRMATIVE DEFENSE**

Group's claims are barred by the orders issued in *In re InterDent Services Corporation*, U.S. Bankruptcy Court for the Central District of California, Case No. 03-13494.

#### **FOURTEENTH AFFIRMATIVE DEFENSE**

Group's claims are barred by 11 U.S.C.A. § 1141.

### **FIFTEENTH AFFIRMATIVE DEFENSE**

Group's claims are barred by the doctrine of ratification.

### **SIXTEENTH AFFIRMATIVE DEFENSE**

Group's claims are barred by the doctrine of mutual mistake.

### **SEVENTEENTH AFFIRMATIVE DEFENSE**

Group's claims are barred by the doctrine of unilateral mistake.

### **EIGHTEENTH AFFIRMATIVE DEFENSE**

Some or all of Group's claims are barred by the doctrine of impossibility of performance and/or frustration of purpose.

### **JURY DEMAND**

ISC demands trial by jury on each and every issue so triable.

### **PRAYER FOR RELIEF**

WHEREFORE, ISC requests judgment against Group and that

1. Group take nothing;
2. The Court dismiss the Amended Complaint in its entirety;
3. ISC be awarded its costs, disbursements, expenses and expert witness fees incurred in defending this lawsuit, including appropriate and reasonable attorneys' fees, as allowed by applicable law, including but not limited to Article 10.5 of the Management Agreement, Idaho Code § 12-120 and Idaho Code § 12-121; and
4. The Court shall award such other and further relief as it deems just and proper.

### **COUNTERCLAIMS BY DEFENDANT/THIRD-PARTY PLAINTIFF**

1.

Comes now third-party plaintiff ISC and, pursuant to Fed. R. Civ. P. 13(a), states its third-party claims against third-party defendants as follows:  
DEFENDANT/THIRD-PARTY PLAINTIFF ISC'S ANSWER TO PLAINTIFF'S AMENDED COMPLAINT AND ISC'S AMENDED AND SUPPLEMENTAL COUNTERCLAIMS AND THIRD-PARTY COMPLAINT - 11

## **PARTIES, JURISDICTION AND VENUE**

2.

ISC is, and was at all times relevant herein, a Washington corporation registered as a foreign corporation in the state of Idaho.

3.

Group is an Idaho professional corporation, which, at all times relevant to this action, had its principal place of business in Chubbuck, Idaho. Group transacts business, in among other places, the state of Idaho.

4.

Romriell is an individual who is a resident of, and at all relevant times to this action resided in, the state of Idaho.

5.

Larry R. Misner, Jr. ("Misner") is an individual who is a resident of, and at all relevant times to this action resided in, the state of Idaho.

6.

Upon information and belief, Gregory Romriell ("G. Romriell") is an individual who is a resident of, and at all relevant times to this action resided in, the state of Idaho.

7.

Upon information and belief, Errol Ormond ("Ormond") is an individual who is a resident of, and at all relevant times to this action resided in, the state of Idaho.

8.

Upon information and belief, Arnold Goodliffe ("Goodliffe") is an individual who is a resident of, and at all relevant times to this action resided in, the state of Idaho.

9.

Subject-matter jurisdiction for this third-party claim is proper under 28 U.S.C. § 1332. The amount in controversy between the parties is in excess of \$75,000.

10.

Venue for this third-party claim is appropriate under 28 U.S.C. § 1391 and D. Idaho L. Civ. R. 31.

## **GENERAL ALLEGATIONS**

### **The Acquisition**

11.

ISC is in the business of providing or arranging for management services, facilities, equipment and certain personnel necessary for the operation of dental practices.

12.

In October 1996, GMS acquired all of the nonprofessional assets of the dental practice presently conducted by plaintiff and third-party defendant Pocatello Dental Group, P.C., formerly known as Idaho Dental Group, P.C. ("Group"), in exchange for payment of \$2.8 million in cash and stock to the shareholders of Group, including Misner, G. Romriell, Romriell, Ormond and Goodliffe (the "Acquisition").

### **Non-Compete Agreements**

13.

In connection with the Acquisition, counterclaim defendants Misner, G. Romriell and Errol Ormond entered into Non-Compete Agreements with GMS on October 11, 1996, prohibiting them from practicing within 20 miles of Group's offices for two years after leaving

Group's employment. ISC is the successor to GMS's rights under these Non-Compete Agreements.

14.

In connection with the Acquisition, counterclaim defendants as well as Group employee dentists Bybee and Snow entered into employment agreements with Group prohibiting them from practicing within 20 miles of Group's office for two years after leaving Group's employment.

#### **The Management Agreement**

15.

In connection with and as a material part of the consideration for the Acquisition, Group entered into a Management Agreement with GMS dated October 11, 1996 (the "Management Agreement"), attached hereto as Exhibit 1.

16.

The term of the Management Agreement is 40 years from the effective date of the Management Agreement.

17.

GMS subsequently changed its name to Gentle Dental Management, Inc. GDMI was later merged with and into Gentle Dental Service Corporation. GDSC then changed its name to InterDent Service Corporation ("ISC"), which succeeded to all of GMS's right, title and interest in and to all of GMS's assets, including GMS's right, title and interest in and to the Management Agreement.



18.

ISC provides management services, facilities and equipment to Group pursuant to the terms of the Management Agreement. ISC has satisfied its obligations under the Management Agreement.

19.

Under the Management Agreement, Group is responsible for all aspects of the practice of dentistry and delivery of dental services. In return for their services, Group shareholder dentists receive 38 or 39 percent of their net collections regardless of the amount of overhead or liabilities incurred by Group.

20.

Unlike Group dentists, who enjoy a fixed percentage of collections, ISC profits under the Management Agreement only if the remaining 61 or 62 percent of net collections exceeds the overheads and liabilities of Group.

21.

Under the Management Agreement, Group provides dental services to Beneficiaries and to Group Patients through arrangements with licensed individuals ("Providers"). Such arrangements may include contracts ("Employment Agreements") with dentist employees (collectively "Employee Providers") and agreements ("Provider Subcontracts") with independent contractor dentists and non-dentist providers of various dental care services (collectively "Subcontract Providers").

22.

Under 5.2(b) of the Management Agreement, Group is prohibited from negotiating or executing any Provider Subcontract, Employment Agreement, or any amendment thereto, or

terminating any Provider Subcontract or Employment Agreement without the approval of the Joint Operations Committee ("JOC").

23.

ISC, Group and the members of the JOC are required to diligently pursue any preliminary activities that are necessary to allow the JOC to take an action.

24.

In violation of duties owed to ISC, Group has made hiring decisions that are unnecessary for the efficient and effective operation of the Practice. As a result, ISC has been damaged.

25.

The Management Agreement governs, including, without limitation, all professional, administrative and technical services, marketing, contracting, case management, ancillary dental services, outpatient services and dental care facilities, equipment, supplies and items, except as otherwise specifically provided in the Management Agreement. Group's Employment Agreements are required to encompass substantially all such activities of Employee Providers and are required to provide that all revenues derived from such activities (and not excluded below) are "Revenues," (as that term is defined in the Management Agreement).

26.

Group contractually agreed in Article 2.6(a) of the Management Agreement, as part of the Acquisition, to assign, sell, convey, transfer and deliver to ISC all of the nonprofessional assets and properties of Group of every kind, character and description, whether tangible, intangible, real, personal, or mixed, and wherever located, including but not limited to all Revenues, cash accounts receivable, advances, prepaid expenses, deposits, equipment and improvements.

27.

As part of its responsibilities under the Management Agreement, ISC is required to employ and pay the salaries of all non-Provider personnel necessary for the operation of the Practice.

28.

Group is required to operate the Practice in accordance with terms of the Annual Budget, as defined in Article 3.6 of the Management Agreement.

29.

Group is prohibited from using any goods or services provided by ISC under the Management Agreement for any purpose other than the provision of management of dental services as contemplated by the Management Agreement and purposes incidental thereto.

#### **Relationship Between Group And ISC**

30.

Group dentists have refused to respect the financial policy and procedure that has been established by ISC and, in so doing, have undermined the financial stability of the contractual relationship created by the Management Agreement.

31.

For example, in the first quarter of 2003 alone, Group wrote off over \$76,000 in dentistry as "professional" or "courtesy" discount, thereby diverting revenue from ISC.

32.

In a report issued October 14, 2003, Group's own consultant noted the disruptive conduct by Group, stating that "it appears the Drs have not let go of ownership and handed things to management. There is a power struggle going on."

### **Romriell Resigns from Group**

33.

In April 2003, Romriell gave notice he was leaving the Practice, effective October 11, 2003.

### **ISC Files for Bankruptcy**

34.

On May 9, 2003, ISC filed for bankruptcy reorganization under Chapter 11, *In re InterDent Services Corporation*, U.S. Bankruptcy Court for the Central District of California Case No. 03-13494, and obtained an order authorizing it to "operate its business and to perform its obligations, in the ordinary course of business pursuant to the Management Agreements with the Professional Corporations. . . ."

35.

In the bankruptcy, Group dentists made many of the same claims as they have asserted in this litigation, both in an adversary proceeding and in objecting to ISC's assumption of the Management Agreement.

36.

In August 2003, during the bankruptcy proceedings, Group unilaterally tried to rehire Romriell without consulting with or obtaining the approval of the JOC as it is required to do under the Management Agreement.

37.

On October 3, 2003, only six days before it filed this action, Group stipulated to the withdrawal of its claims and objections in the Bankruptcy Court. As such, Group agreed that there were no breaches to the Management Agreement and that they would seek no

corresponding cure payments. Group kept secret its plan to refile its withdrawn claims just days later in state court. The Bankruptcy Court approved ISC's plan of reorganization on October 9, 2003, including Group's stipulated dismissal.

**Employment Agreement Between Group and Romriell**

38.

In furtherance of its unilateral decision to rehire Romriell, counterclaim defendant Misner, purportedly acting on behalf of Group, executed the "2003 Employment Agreement."

39.

Upon information and belief, Group's purpose for entering into the 2003 Employment Agreement was to impose costs on ISC and to provide Romriell additional time to establish a competing practice that is and/or will divert revenue away from ISC.

40.

Under the 2003 Employment Agreement, Group has the duty to prevent Romriell from competing with, diverting revenue from and/or damaging ISC.

41.

Under the 2003 Employment Agreement, Group has the ability to prevent Romriell from competing with, diverting revenue from and/or damaging ISC.

42.

In violation of Group's fiduciary duty and/or its duty of good faith and fair dealing to ISC, Group failed to prevent Romriell from competing with, diverting revenue from and/or otherwise damaging ISC.

43.

Romriell has competed with, diverted revenue from and/or otherwise damaged ISC.

## **Group Files Its Complaint and Obtains a TRO Ex Parte**

44.

In September 2003, shortly after Group unilaterally attempted to rehire Romriell, the Practice expenses for supplies and other items used by the Group dentists (but paid for in whole by ISC) inexplicably and dramatically increased—so much so as to cause the Practice to be unprofitable on an accrual basis.

45.

In early October 2003, ISC's president, Ivar Chhina, and Group's former president, Misner, engaged in extensive discussions over Romriell's request for additional time to establish his own office.

46.

During these negotiations, and contrary to the spirit of the talks, Group obtained a TRO ex parte on October 10, 2003.

47.

On the same day, October 10, 2003, Misner wrote to Mr. Chhina and reneged on Group's previous offer to resolve this dispute. The letter did not mention the TRO.

48.

In response to Misner's October 10, 2003 letter, Mr. Chhina called Misner and reinitiated discussions aimed at resolving the dispute regarding Romriell. Again, at no time during these discussions did Misner inform Mr. Chhina that Group had already obtained a TRO.

49.

Group did not disclose the TRO to ISC until the papers were delivered to ISC's office manager in Chubbuck on Monday, October 13, 2003, two days after the TRO was supposedly needed.

50.

By obtaining the ex parte TRO, Group has materially impaired the ability of ISC to exercise its rights and fulfill its obligations under the Management Agreement. By way of example only, ISC is precluded from hiring and terminating staff under Article 4.4(b) and from exercising its right of approval as a member of the JOC under Article 5.2(b).

**Group Dentists Prepare to Establish Independent Practice**

51.

Group has opened a bank account in Group's name without informing ISC.

52.

Group has opened a post office box in Group's name without informing ISC.

53.

Group has opened the bank account and post office box in furtherance of its plan to establish an independent dental practice.

54.

Upon information and belief, Group is generating revenues through the rendition of Professional Services that are not being made available to ISC.

55.

Group has willfully and repeatedly failed to enforce Non-Compete Agreements with departing dentists, including Drs. Romriell, Misner, Bybee and Snow.

**Romriell, Misner, Larry Bybee, G. Romriell, Errol Ormond Establish or Prepare to  
Independent Dental Practices**

56.

At the same time plaintiff obtained an ex parte TRO allowing Romriell to stay at the Pocatello practice, Romriell was, and had been for some time, organizing a dental practice independent of the Management Agreement.

57.

Romriell provided dental services at an independent dental office in the Pocatello area called "The TMJ Center," which is less than 20 miles away from the Practice.

58.

An employee of ISC, including an employee ISC is required to keep on staff pursuant to the TRO, was working at the TMJ Center.

59.

Group did not inform ISC or the Idaho state court before the issuance of the ex parte TRO about the opening of the TMJ Center and the other improper acts and omissions of Romriell despite their knowledge thereof. Romriell and Misner submitted misleading affidavits to the Idaho state court concealing Romriell's wrongdoing.

60.

When Romriell started seeing patients at the TMJ Center, there were large blocks of time during which Romriell had no appointments at Group. Nonetheless, ISC was required by the TRO obtained by Group through Romriell's and Misner's misleading testimony to keep five persons on staff for Romriell.



61.

On May 18, 2004, ISC was notified via request for patient transfer or records that Misner and PDG employee-dentist Larry Bybee had established a competing practice on Yellowstone Avenue in Pocatello within a 20-mile radius of the Pocatello office in violation of their Non-Compete Agreements: Misner's with ISC and with Group, Bybee's with Group. Group has failed and refused to take an action to enforce Misner's and Bybee's noncompete obligations.

62.

ISC is informed and believes that Group employee dentist Corey Snow is preparing to establish a competing practice in Pocatello. Snow has given notice that he will be leaving the Pocatello office on July 1, 2004. Group has failed and refused to take an action to enforce Snow's noncompete obligations.

63.

ISC is informed and believes that Group shareholder dentists G. Romriell and Erroll Ormond are preparing to establish a competing practice in Pocatello. ISC has requested assurances that these shareholder dentists will abide by their noncompete obligations, but such assurances have not been received.

#### **Group Receives Consultant's Report**

64.

On October 14, 2003, Group received a report from the consulting firm of Wintersteen & Associates (the "Consulting Report"). Upon information and belief, Wintersteen & Associates was retained solely by Group and asked by Group to provide observations and recommendations in connection with the Practice.

65.

Among other things, the Consulting Report states that "it appears that the Drs. have not let go of ownership and handed things to management. There is a power struggle going on. It is sort of like you have sold a car to a person and yet you want to keep the care to drive. The person you sold will usually not drive the way you do . . . but, they have paid for the car. Give it to them."

66.

The Consulting Report also reminded Group dentists that if they want "more involvement with management and leadership, then they could approach Interdent about buying back the group. Again – remember, you sold your rights."

67.

Similarly, the Consulting Report concluded that Group was "having Seller's remorse" and that Group needed to "respect the financial policy and procedure that has been established by the management company."

#### **Group's and Romriell's Scheme to Divert the Mail**

68.

In late January 2004, the U.S. Postal Service stopped delivering the mail to Group's office. Since 1996, when the Management Agreement took effect, ISC has received and handled the mail, including but not limited to for the purpose of fulfilling its responsibilities under section 4.6 of the Management Agreement. Section 4.6 provides:

**4.6 Billing and Collection Payment of Expenses.** In addition to the responsibilities of Manager under Section 2.6(b), Manager shall be responsible for all billing and collecting activities required by Group. Manager shall also be responsible for reviewing and paying accounts payable of Group. *Group hereby appoints the Manager its true and lawful attorney-in-fact to take*

*the following actions for and on behalf of and in the name of Group:*

(a) Bill and collect in Group's name or the name of the individual practicing dentist, all charges and reimbursements for Group. Group shall give Managers all necessary access to Patient records to accomplish all billing and collection. In so doing, Manager will use its best efforts but does not guarantee any specific level of collections, and Manager will comply with Group's reasonable and lawful policies regarding courtesy discounts;

(b) Take possession of and endorse in the name of Group any and all instruments received as payment of accounts receivable;

(c) Deposit all such collections directly into Accounts and make withdrawals from such Accounts in accordance with this Agreement; and

(d) Place accounts for collection, settle and compromise claims, and institute legal action for the recovery of accounts.

(Emphasis added.)

69.

On February 1, 2004, the U.S. Postal Service notified ISC's counsel that, on the direction of third-party defendant G. Romriell, the mail in the Pocatello office would be sent to a post office box established by Group.

70.

If ISC does not receive the mail at the Pocatello office, it will be unable to pay Group creditors or to collect the approximately 62 percent of the revenues to which it is entitled under the Management Agreement. Patient healthcare information would also be diverted and Group's patient care will be compromised.

71.

When ISC moved for a TRO requiring plaintiff to end its scheme to divert the mail, plaintiff stipulated to a court order restoring mail service during the pendency of this action. ISC is entitled to a permanent injunction making this relief permanent.

**FIRST CLAIM FOR RELIEF**

**(Breach of Contract)**

**(Group)**

72.

The allegations included in paragraphs 1 through 71 of ISC's third-party claims are incorporated by reference and made a part hereof.

73.

Group materially breached the Management Agreement in various respects, including but not limited to:

- a. Group's failure to enforce its right to prevent members and/or employees of Group from competing with, diverting revenue away from and/or otherwise damaging ISC;
- b. Group's failure to pay, or make available, certain Revenues owed to ISC;
- c. Group's failure to comply with the requirement in Article 3.5(a) that Group and its respective Committee Members diligently pursue any preliminary activities that are necessary to allow the JOC to take an action;
- d. Group's material impairment of ISC's right to hire and terminate nonprofessionals under Article 3.8(b);
- e. Group's material impairment of ISC's right to hire and terminate nonprofessionals under Article 4.4(b);

f. Group's purported execution of the 2003 Employment Agreement with Romriell in violation of Article 5.2(a);

g. Group's purported execution of the 2003 Employment Agreement with Romriell in violation of Article 5.2(b);

h. Group's use of goods and services provided by ISC under the Management Agreement for purposes other than the provision of and management of dental services as contemplated by the Management Agreement and the purposes incidental thereto, in violation of Article 5.6;

i. Group's commission and allowance of acts that have materially impaired the ability of Group to carry on the business of the Practice or to fulfill its obligations under the Management Agreement; and

j. Group's diversion of the mail to Group's office and ISC's office in violation of Article 4 of the Management Agreement.

74.

As a direct and proximate result of Group's material breaches of the Contract, ISC has sustained injury and damage in an amount to be established at trial well in excess of the jurisdictional minimum of this Court plus prejudgment interest.

75.

ISC is also entitled to temporary and permanent injunctive relief to require Group to take all steps necessary for mail to resume at the office address of 4155 Yellowstone Avenue, Pocatello, Idaho.

## **SECOND CLAIM FOR RELIEF**

**(Breach of Covenant of Good Faith and Fair Dealing)**

**(Group)**

76.

The allegations included in paragraphs 1 through 75 of ISC's third-party claims are incorporated by reference and made a part hereof.

77.

There is implied in the Management Agreement between ISC and Group a covenant of good faith and fair dealing on the part of Group to cooperate with ISC so that ISC may obtain all benefits available to it under the Management Agreement.

78.

Through the actions alleged above, Group has materially breached the covenant of good faith and fair dealing.

79.

As a direct and proximate result of Group's breach of the covenant of good faith and fair dealing, ISC has sustained injury and damage in an amount to be established at trial that is well in excess of the jurisdictional minimum of this Court plus prejudgment interest.

## **THIRD CLAIM FOR RELIEF**

**(Abuse of Process)**

**(Romriell and Group)**

80.

The allegations included in paragraphs 1 through 79 of ISC's third-party claims are incorporated by reference and made a part hereof.

81.

In 2003 Romriell and Group willfully and improperly with ulterior motives, including but not limited to generally harassing ISC, disrupting the business of ISC and/or gaining leverage in their ongoing dispute/negotiations with ISC made a false allegation to the Idaho Board of Dentistry ("Board") that ISC was engaging in the unlawful practice of dentistry. Because Romriell and Group did not substantiate this complaint, the Board took no action against ISC.

82.

As a direct and proximate result of the abuse of process by Romriell and Group, ISC has sustained injury and damages in an amount to be established at trial that is well in excess of the jurisdictional limit, plus prejudgment interest.

83.

Group dentists, through counsel, have willfully and improperly with ulterior motives, including but not limited to generally harassing ISC, disrupting the business of ISC and/or gaining leverage in his ongoing dispute/negotiations with ISC made another false allegation to the Board of Dentistry that ISC is engaging in the unlawful practice of dentistry. ISC reserves the right to add additional defendants and/or damages to this counterclaim upon the Board's rejection of this unsubstantiated allegation.

#### **FOURTH CLAIM FOR RELIEF**

##### **(Breach of Fiduciary Duty)**

##### **(Group)**

84.

The allegations included in paragraphs 1 through 83 of ISC's third-party claims are incorporated by reference and made a part hereof.

85.

As a professional corporation, and because of Group's relationship with ISC, ISC placed its trust and confidence in Group's judgment, recommendations, representations and promises. Thus Group was in a superior position to ISC and through such position was able to exercise influence over ISC, which had reposed special trust and confidence in Group.

86.

Group knew or had reason to know that ISC was placing its trust and confidence in Group's judgment, direction, recommendations, representations and services in connection with the Management Agreement.

87.

As a result of its expertise and obligations undertaken in the Management Agreement, Group owed a fiduciary duty to ISC.

88.

As a result of this fiduciary duty, Group was obligated to use the utmost care in disclosing to ISC material information important to the management company of a dental practice such as the one involved here.

89.

Group breached its fiduciary obligations to ISC by taking actions contrary to, or refusing to take actions in, the best interests of the Practice. Upon information and belief, Group has diverted revenue away from the Practice, failed to make certain Revenues available to ISC, precluded ISC from exercising its right to staff nonprofessionals, made hiring decisions inconsistent with the efficient and economical running of the Practice, concealed or failed to



fully, fairly and timely disclose material information to ISC and consented to and assisted in the establishment of the TMJ Center.

90.

Because ISC was not properly informed of and/or consulted about these matters, ISC was unable to take actions to protect ISC's interests and investment in Group's practice.

91.

As a result of Group's breach of its fiduciary obligations, ISC has been damaged in an amount to be proven at trial well in excess of the jurisdictional minimum of the Court, plus prejudgment interest.

#### **FIFTH CLAIM FOR RELIEF**

##### **(Intentional Interference With Contract)**

**(Romriell, Misner, G. Romriell and Erroll Ormond)**

92.

ISC adopts and realleges paragraphs 1 through 91 as set forth above.

93.

A contract (the Management Agreement) existed between ISC and Group.

94.

Romriell, Misner, G. Romriell and Erroll Ormond knew of the existence of the Management Agreement.

95.

Defendants Romriell, Misner, G. Romriell and Errol Ormond induced Group to violate its contract with ISC, including but not limited to Group's contractual obligations to:

- a. Prevent members and/or employees of Group from competing with, diverting revenue away from, and/or otherwise damaging ISC;
- b. Diligently pursue any preliminary activities that are necessary to allow the JOC to take an action;
- c. Refrain from materially impairing ISC's right to hire and terminate nonprofessionals under Articles 3.8(b) and 4.4(b);
- d. Seek approval from the JOC before executing an Employment Agreement with Romriell;
- e. Pay, or otherwise make available to ISC, Revenues owed to ISC;
- f. Refrain from committing or allowing acts that materially impair the ability of Group to carry on the business of the Group and to fulfill its obligations under the Management Agreement; and
- g. Perform in accordance with the covenant of good faith and fair dealing.

96.

Romriell, Misner, G. Romriell and Erroll Ormond further induced Group to divert the mail as alleged in paragraphs 66 through 68.

97.

Romriell, Misner, G. Romriell and Errol Ormond acted with the intent to cause Group to breach its contract with ISC. Such action by Romriell, Misner, G. Romriell and Erroll Ormond, in fact, caused Group to breach its contract with ISC.

98.

In interfering with the contract between ISC and Group, Romriell, Misner, G. Romriell and Errol Ormond and other parties acted for personal motives and did not act to advance the interests of Group.

99.

As a result of Romriell's, Misner's, G. Romriell's and Errol Ormond's interference with Group's performance of its contract with ISC, ISC has suffered actual damages in an amount to be proven at trial, plus prejudgment interest, including but not limited to lost profits for the remaining term of the Management Agreement.

#### **SIXTH CLAIM FOR RELIEF**

##### **(Breach of Non-Compete Agreement—Misner)**

100.

The allegations included in paragraphs 1 through 99 of ISC's third-party claims are incorporated by reference and made a part hereof.

101.

Misner breached the Non-Compete Agreement by practicing within a 20-mile radius of the Pocatello office within two years of leaving Group.

102.

ISC has satisfied all conditions and covenants, if any, required of it under the Non-Compete Agreement.

103.

As a direct and proximate result of Misner's material breach of the Non-Compete Agreement, ISC has sustained injury and damages in an amount to be established at trial well in

excess of the jurisdictional minimum of this Court plus prejudgment interest, including but not limited to lost profits for the remaining term of the Management Agreement.

104.

ISC is also entitled to temporary and permanent injunctive relief to prohibiting Misner from practicing within a 20-mile radius of the Pocatello office within for years after leaving Group.

#### **SEVENTH CLAIM FOR RELIEF**

##### **(Anticipatory Breach of Non-Compete Agreement—G. Romriell)**

105.

The allegations included in paragraphs 1 through 104 of ISC's third-party claims are incorporated by reference and made a part hereof.

106.

ISC had reasonable grounds to and did request assurances that G. Romriell will not breach his Non-Compete Agreement by practicing within a 20-mile radius of the Pocatello office within two years of leaving Group. G. Romriell has refused to provide such assurances, resulting in an anticipatory breach of his Non-Compete Agreement.

107.

ISC has satisfied all conditions and covenants, if any, required of it under the Non-Compete Agreement.

108.

As a direct and proximate result of G. Romriell's anticipatory breach of the Non-Compete Agreement, ISC has sustained injury and damage in an amount to be established at trial

well in excess of the jurisdictional minimum of this Court plus prejudgment interest, including but not limited to lost profits for the remaining term of the Management Agreement.

109.

ISC is also entitled to temporary and permanent injunctive relief to prohibiting G. Romriell from practicing within a twenty mile radius of the Pocatello office for two years of leaving Group.

### **EIGHTH AFFIRMATIVE DEFENSE**

#### **(Breach of Non-Compete Agreement—Errol Ormond)**

110.

The allegations included in paragraphs 1 through 109 of ISC's third-party claims are incorporated by reference and made a part hereof.

111.

ISC had reasonable grounds to and did request assurance that Errol Ormond would not breach his Non-Compete Agreement by practicing within a 20-mile radius of the Pocatello office within two years of leaving Group. Errol Ormond has refused to provide such assurances, resulting in an anticipatory breach of his Non-Compete Agreement.

112.

ISC has satisfied all conditions and covenants, if any, required of it under the Non-Compete Agreement.

113.

As a direct and proximate result of Errol Ormond's anticipatory breach of the Non-Compete Agreement, ISC has sustained injury and damage in an amount to be established at trial

well in excess of the jurisdictional minimum of this Court plus prejudgment interest, including but not limited to lost profits for the remaining term of the Management Agreement.

114.

ISC is also entitled to temporary and permanent injunctive relief to prohibiting Errol Ormond from practicing within a twenty mile radius of the Pocatello office for two years of leaving Group.

### **NINTH CLAIM FOR RELIEF**

#### **(Fraud in the Inducement)**

**(Group, Misner, G. Romriell, Romriell, Errol Ormond, Arnold Goodliffe)**

115.

The allegations included in paragraphs 1 through 114 are incorporated by reference and made a part hereof.

116.

ISC was fraudulently induced by Group, Misner, G. Romriell, Romriell, Ormond and Goodliffe to enter the Management Agreement. The Management Agreement was a material part of the consideration for which ISC paid counterclaim defendants \$2.8 million.

117.

When entering the Management Agreement, ISC relied upon representations by Group, including representations by Misner, G. Romriell, Romriell, Ormond and Goodliffe, regarding their willingness and ability to abide by the terms in the Management Agreement, including Article 5.2, and relied upon Group's concealment of its intent not to abide by Article 5.2.

118.

Specific representations by Group upon which ISC relied include most notably entering into and signing the Management Agreement in 1996. Specific representations by Misner, G. Romriell, Romriell, Ormond and Goodliffe individually upon which ISC relied include their consent to Group's entering into the Management Agreement as well as their respective signatures on several documents that were entered into as part of the overall 1996 transaction between Group and ISC's predecessor, including noncompete agreements, employment agreements, share acquisition agreements, waiver and termination agreements, assignment agreements, members' certificates, member resolutions and agreement and plan of reorganization documents.

119.

Article 5.2 is a material term of the Management Agreement. The absence of the agreement encompassed by Article 5.2 would materially and adversely frustrate the parties' essential objectives as expressed in the Management Agreement.

120.

Based upon the position articulated by Group and its members, it appears that Group, Misner, G. Romriell, Romriell, Ormond and Goodliffe never intended to honor their agreement in, or abide by the terms of, Article 5.2.

121.

ISC suffered detriment as a proximate result of its reliance on the representations and concealment of facts by Group, Misner, G. Romriell, Romriell, Ormond and Goodliffe.

122.

ISC would not have entered into the Management Agreement but for the misrepresentations and concealment of material facts by Group, Misner, G. Romriell, Romriell, Ormond and Goodliffe.

123.

As a direct and proximate result of counterclaim defendants' fraud, ISC has been damaged in an amount in excess of \$2.8 million plus prejudgment interest. In the alternative, ISC requests and is entitled to rescind the Management Agreement on the basis of such fraud and to restitution of the \$2.8 million it paid counterclaim defendants plus prejudgment interest.

#### **TENTH CLAIM FOR RELIEF**

**(Illegality—in the Alternative)**

**(Group, Misner, G. Romriell, Romriell, Errol Ormond, Arnold Goodliffe)**

124.

The allegations included in paragraphs 1 through 123 are incorporated by reference and made a part hereof.

125.

The terms of the Management Agreement, including Article 5.2, were a material part of the consideration for which ISC paid counterclaim defendants \$2.8 million.

126.

ISC expressly denies that any term of the Management Agreement is illegal. However, should the Court determine that Article 5.2 or any other material term of the Management Agreement is illegal, ISC requests and is entitled to rescind the Management Agreement on the basis of such illegality and to restitution of the \$2.8 million it paid counterclaim defendants,



including Group, Misner, G. Romriell, Romriell, Ormond and Goodliffe, plus prejudgment interest.

### **ELEVENTH CLAIM FOR RELIEF**

**(Mutual Mistake—in the Alternative)**

**(Group, Misner, G. Romriell, Romriell, Errol Ormond, Arnold Goodliffe)**

127.

The allegations included in paragraphs 1 through 126 are incorporated by reference and made a part hercof.

128.

The terms of the Management Agreement were a material part of the consideration for which ISC paid counterclaim defendants \$2.8 million.

129.

ISC expressly denies that any term of the Management Agreement is illegal or unenforceable. However, should the Court determine that Article 5.2 or any other material term of the Management Agreement is illegal or unenforceable, ISC requests and is entitled to rescind the Management Agreement on the basis of mutual mistake and to restitution of the \$2.8 million it paid counterclaim defendants, including Group, Misner, G. Romriell, Romriell, Ormond and Goodliffe, plus prejudgment interest.

130.

At the time ISC and Group entered into the Management Agreement, ISC and Group were mistaken as to the legality of the terms of the Management Agreement, including but not limited to Article 5.2. Such mutual mistake is fundamental in the sense that it frustrates the purpose of the transaction. ISC would not have entered into the Management Agreement if

Article 5.2 or any other material section of the Management Agreement were illegal or unenforceable.

## **TWELFTH CLAIM FOR RELIEF**

### **(Declaratory Judgment)**

131.

The allegations included in paragraphs 1 through 130 are incorporated by reference and made a part hereof.

132.

This action for declaratory relief is brought pursuant to 28 U.S.C. § 2201 and the Uniform Declaratory Judgment Act, Idaho Code §§ 10-1201, 10-1208.

133.

Upon information and belief, Group maintains that any successful claim against it by ISC will be satisfied from the Practice's accounts receivable, which Group in turn claims will reduce ISC's management fee. Thus Group claims that any amount recovered by ISC against Group will be satisfied with ISC's assets.

134.

Group has not agreed, and ISC does not anticipate that it will agree, that any amounts found owing to ISC by Group cannot be satisfied from accounts receivable or under the Management Contract. Accordingly, an actual conflict exists between the parties.

135.

ISC is entitled to a declaration that neither damages awarded against counterclaim defendants, nor any counterclaim defendant's attorneys' fees and costs herein, nor any

disbursements in this litigation, including but not limited to the security for the TRO, are recoverable from accounts receivable or otherwise under the Management Agreement.

### **ATTORNEYS' FEES**

ISC has been required to retain the undersigned counsel to bring this counterclaim. Accordingly, ISC is entitled to its attorneys' fees and expenses incurred in bringing this counterclaim pursuant to Idaho Code §§ 12-120 and 12-121, and pursuant to Article 10.5 of the Management Agreement.

### **DEMAND FOR JURY TRIAL**

ISC demands a jury trial on all issues so triable.

### **PRAYER FOR RELIEF**

WHEREFORE, ISC requests judgment against counterclaim defendants as follows:

1. On its First Counterclaim, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest;
2. On its Second Counterclaim, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest;
3. On its Third Counterclaims, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest;
4. On its Fourth Counterclaims, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest;
5. On the Fifth Counterclaim, for damages in excess of the jurisdictional minimum of this Court plus prejudgment interest;
6. On its Sixth Counterclaim, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest plus temporary and permanent injunction prohibiting

Misner from practicing dentistry within a 20-mile radius of the Pocatello office for two years after termination of his employment at that office;

7. On its Seventh Counterclaim, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest plus temporary and permanent injunction prohibiting G. Romriell from practicing dentistry within a 20-mile radius of the Pocatello office for two years after termination of his employment at that office;

8. On its Eighth Counterclaim, for damages in excess of the jurisdictional minimum of the Court plus prejudgment interest plus temporary and permanent injunction prohibiting Errol Ormond from practicing dentistry within a 20-mile radius of the Pocatello office for two years after termination of his employment at that office;

9. On its Ninth Counterclaim (in the alternative), for restitution in the amount of \$2.8 million plus prejudgment interest;

10. On its Tenth Counterclaim (in the alternative), for restitution in the amount of \$2.8 million plus prejudgment interest;

8. On its Eleventh Counterclaim (in the alternative), for restitution in the amount of \$2.8 million plus prejudgment interest;

11. On its Twelfth Counterclaim, for a declaratory judgment that that neither damages awarded against counterclaim defendants, nor any counterclaim defendants' attorney fees and costs herein nor any disbursements in this litigation, including but not limited to the security for the TRO, are recoverable from accounts receivable or otherwise under the Management Agreement;

12. For ISC's costs, disbursements, expenses, and expert witness fees incurred in defending this lawsuit, including appropriate and reasonable attorney's fees, as allowed by applicable law; and

13. For such other and further relief as the Court deems just and proper.

DATED: August 20, 2004.

STOEL RIVES LLP

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G. Rey Reinhardt, ISB No. 6209  
Scott J. Kaplan, pro hac vice  
Darian A. Stanford, pro hac vice

Attorneys for Defendant/Third-Party Plaintiff  
InterDent Service Corporation

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this 20th day of August, 2004, I caused to be served a true copy of the foregoing **INTERDENT SERVICE CORPORATION'S MOTION FOR LEAVE OF COURT TO FILE AMENDED COUNTERCLAIMS/THIRD-PARTY CLAIMS** upon the following:

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*Attorneys for Pocatello Dental Group*

☒ Via U.S. Mail  
☐ Via Facsimile  
☐ Via Overnight Mail  
☐ Via Hand Delivery

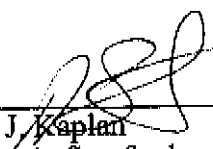
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*Attorney for Dwight Romriell, Greg  
Romriell, Errol Ormond, Arnold  
Goodliffe*

☒ Via U.S. Mail  
☐ Via Facsimile  
☐ Via Overnight Mail  
☐ Via Hand Delivery

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☒ Via U.S. Mail  
☐ Via Facsimile  
☐ Via Overnight Mail  
☐ Via Hand Delivery

DATED: this 20<sup>th</sup> day of August, 2004.

  
\_\_\_\_\_  
Scott J. Kaplan  
Darian A. Stanford  
G.Rcy Reinhardt  
Attorneys for Defendant/Third-Party Plaintiff  
InterDent Service Corporation